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Message Text

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65
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FM SECSTATE WASHDC
TO AMEMBASSY NAIROBI

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FOL REPEAT LUSAKA 1184 ACTION SECSTATE 3 MAY.

QUOTE

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EO 11652: N/A
TAGS: ENIN, UNCTAD
SUBJECT: UNCTAD COPPER CONSULTATIONS

REF: STATE 482484

1. ZAMBIA'S ECONOMIC LEADERSHIP IS THOROUGHLY PREOCCUPIED WITH THE OPERATION OF THE MINES. SINCE ZAMBIA DOES NOT SEE THE UNCTAD COPPER CONSULTATIONS AS BRINGING IMMEDIATE RELIEF, BOTH PUBLIC AND PRIVATE INTEREST APPEARS SOMEWHAT MUTED. THE CONSULTATIONS ARE SEEN AS USEFUL EXPORT AT CONSUMER/PRODUCER DIALOGUE, BUT ZAMBIANS ARE LIKELY TO BECOME IMPATIENT IF NEGOTIATIONS ARE PROLONGED DURING A WORKING DINNER WITH THE DEPUTY SECRETARY AND TOP ZAMBIANS IN THE GOVT AND MINING INDUSTRY APRIL 26, THE MEETINGS IN GENEVA WERE BARELY TOUCHED UPON, DESPITE THE FACT THAT THE TWO MANAGING DIRECTORS OF ZAMBIA'S MINING COMPANIES HAD BEEN PART OF THE ZAMBIAN DELEGATION IN GENEVA.

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2. ZAMBIA'S VIEWS ON UNCTAD HEAVILY INFLUENCED BY EXTREME

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VULNERABILITY TO FLUCTUATIONS IN TERMS OF TRADE. IN 1975, GDP ADJUSTED TO ACCOUNT FOR THE DETERIORATION IN TERMS OF TRADE DECLINED BY 24.6 PERCENT. ZAMBIA STRONGLY SUPPORTS A SYSTEM OF INDEXATION OF COMMODITY PRICES TO UNIT VALUES OF DEVELOPED COUNTRIES' EXPORTS. VIEW IS THAT INDESATION WOULD BE EFFECTIVE MEANS OF STABILIZING OUTPUT. IN PRINCIPLE, ZAMBIA SUPPORTS AN INTEGRATED PROGRAM OF COMMODITY AGREEMENTS WITH THE HUPPER STOCKS AS PRICE REGULATING MECHANISM. HOWEVER, ZAMBIAN VIEWS ON MEANS OF FINANCING BUFFER STOCKS ARE NOT CLEARLY FORMULATED AND IT UNCLEAR HOW INSISTENT ZAMBIA WOULD BE ON INTEGRATED PROGRAM IF A DESIRABLE COPPER AGREEMENT WAS SEEN AS BEING DELAYED FOR MORE COMPREHENSIVE COMMODITY APPROACH.

3. ZAMBIANS EMPHATIC IN BELIEF THAT CONSUMER PRODUCER COOPERATION RATHER THAN CONFRONTATION NECESSARY FOR SOLUTION TO COMMODITY PRICE STABILIZATION. VIRTUALLY NO ONE IN GRZ TAKES CIPEC SERIOUSLY AS POTENTIAL CARTEL.
4. ZAMBIANS VIEW LIBERALIZED ACCESS TO IMF AS HELPFUL BUT ARGUE FOR "MORE REALISTIC" LEVELS OF COMPENSATORY FINANCING FOR SHORTFALLS IN EXPORT EARNINGS. THEY SEE ANTICIPATED DOLS 80 MILLION IN IMF ASSISTANCE IN 1976 AS PATHETICALLY INADEQUATE IN VIEW OF EXPECTED DOLS 450 MILLION SHORTFALL IN EXPORT EARNINGS. MORAL OBLIGATION OF PART OF OCIS TO FORGIVE DEBTS OF LDC'S BECOMING AN INCREASINGLY PROSTNANT THEME. TO SATISFY ZAMBIANS, COPPER AGREEMENT WOULD HAVE TO ADRESS ITSELF IN SOME MANNER TO ABOVE POINTS. WILKOWSKI

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